

DIRECTORATE OF INTELLIGENCE

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NORTH KOREA: The Fifth Party Congress now under way in Pyongyang has so far revealed no radical shifts in policy.

Originally scheduled for 1967, the congress was postponed when the regime's flagging seven-year economic development plan had to be extended to 1970. On the agenda are a review of political work and approval of the new economic plan for 1971-76. Premier Kim Il-song gave some hint of what is to come in his keynote address; his strong criticism of the performance of party cadres may signal the opening of a party rectification program.

Extolling the correctness of the party's leadership, Kim finessed the problem of apparent shortfalls in the current economic plan due to end this year by citing an overriding need for military preparedness. While holding out some hope of raising living standards in the years ahead, he indicated that the new six-year plan would continue to emphasize the development of heavy industry, together with defense spending at the expense of consumer production.

Kim also focused on the problem of national reunification, again rejecting President Pak Chonghui's recent call for a lifting of the barriers
dividing the country. Kim reaffirmed his two longstanding conditions for peaceful unification: complete US withdrawal from Korea and the overthrow of
the Pak government. He emphasized, however, that
the prime responsibility for achieving these conditions was not North Korea's but belonged to the
"South Korean people themselves." While not ruling
out the use of force by the North to achieve unification on his terms, Kim seemed to indicate that at
least for the time being he intended to continue to
rely mainly on propaganda and political subversion
of the South rather than armed harassment.

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COMMUNIST CHINA: Peking is dusting off its long-standing proposal for a worldwide conference to discuss a total ban on the use or possession of nuclear weapons.

The first official Chinese reference to the proposal in over four years was contained in a joint communiqué signed with a Japan Socialist Party delegation in Peking on 1 November. The proposal was initially made by the Chinese in mid-1963 following the conclusion of the agreement to ban all but underground testing of nuclear weapons. The Chinese vehemently opposed the partial test ban treaty and called for a summit conference of "all the countries of the world" to discuss the "complete prohibition and thorough destruction" of nuclear weapons.

The timing of Peking's latest reference to the proposal almost certainly was meant to coincide with the resumption of the SALT negotiations on 2 November, and is clearly another attempt to underscore the "collusion" of the two "superpowers." It also may be intended to imply a renewed Chinese interest in disarmament issues. In addition, the Chinese may hope to soften adverse public reaction to their own recent unannounced nuclear test.

If Peking intends once again seriously to propose such a conference, the Chinese would almost certainly not expect the US or USSR to be more responsive than in 1963-64. Such a proposal would, however, do no harm to Peking's new and more "reasonable" international image.

NEW ZEALAND: Labor unrest is likely to continue despite the Arbitration Court's grant of a three-percent wage increase.

Labor unions have sharply criticized the grant. The Federation of Labor (FOL) had asked the court for an increase of 11.5 percent, and FOL President Skinner, claiming that living costs have risen seven percent this year, said on 3 November that workers cannot be "coerced or intimidated into forgoing their demands for wage increases."

Dissatisfaction with wage rates has been compounded in recent years by a loss of faith in the federal arbitration system of settling wage disputes. This dates from 1968 when the Arbitration Court, on the grounds that economic conditions were unfavorable, refused to grant a general wage increase. Union leaders have since tended to resort to direct bargaining accompanied in many cases by strikes.

The government rejected the most recent union demands on the grounds that they would stimulate further price rises. The three-percent increase appears realistically geared to holding the inflationary spiral. Although some sectors of labor may cooperate, militant unions can be expected to continue feeding the problem by resorting to direct bargaining and strikes.

<u>CYPRUS</u>: Some Greek Cypriot authorities appear to be testing the Turkish Cypriots' resolve to maintain control over traffic through areas they hold.

Interior Minister Komodromos, a firebrand, has published a statement claiming that the Cypriot Government is "determined to restore free communication on all roads." Incidents at roadblocks and checkpoints have increased in frequency and severity lately. The Turkish Cypriot side seems to be taking a tough position, and the Turkish Embassy has warned that the Turkish Cypriots will "react in kind" to any increased pressure.

These developments seem at odds with recent soothing statements by President Makarios and the continuing intercommunal talks. They could merely reflect the posturing of Komodromos and other extremists, but they nevertheless increase the possibility that a minor incident could again spark general intercommunal fighting.

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